

The Kansas City Southern Railway Company
Louisiana & Arkansas Railway Company

114 West 11th Street, Kansas City, Missouri 64105

RICHARD P. BRUENING
General Counsel

RECORDATION NO. 9345 Filed & Recorded

APR 26 1978 - 2 25 PM

Date APR 26 1978

Fee \$ 50

ICC Washington, D. C.

Hon. H. G. Homme, Jr.

Acting Secretary

Interstate Commerce Commission

Washington, DC 20423

INTERSTATE COMMERCE COMMISSION

RE: Conditional Sale Agreement dated as of
March 15, 1978, among ACF Industries,
Incorporated, General Motors Corporation
(Electro-Motive Division), Difco, Inc.,
Louisiana & Arkansas Railway Company and
The Kansas City Southern Railway Company;
and Assignment thereof to Chemical Bank,
as Assignee.

Dear Sir:

Pursuant to Section 20c of the Interstate Commerce Act
and to the Commission's Rules and Regulations thereunder, as
amended, Louisiana & Arkansas Railway Company transmits herewith,
eighteen (18) executed counterparts of the above mentioned Condi-
tional Sale Agreement (CSA) and Agreement and Assignment (the
Assignment), for filing and recording with the Interstate Commerce
Commission. Said CSA and Assignment cover 500 box cars, twelve
locomotives and 10 air dump cars.

The names and addresses of the parties to the CSA are:

Vendors: ACF Industries Incorporated
750 Third Avenue
New York, NY 10017

General Motors Corporation
(Electro-Motive Division)
LaGrange, IL 60525

Difco, Inc.
Differential Avenue
Findlay, OH 45840

Purchaser: Louisiana & Arkansas Railway Company
114 West 11th Street
Kansas City, MO 64105

RECEIVED
APR 26 2 17 PM '78
CERTIFICATION UNIT

Richard P. Bruening
For
Richard P. Bruening

Guarantor: The Kansas City Southern Railway Company
114 West 11th Street
Kansas City, MO 64105

The names and addresses of the parties to the Assignment are:

Vendors: ACF Industries Incorporated
750 Third Avenue
New York, NY 10017

General Motors Corporation
(Electro-Motive Division)
LaGrange, IL 60525

Difco, Inc.
Differential Avenue
Findlay, OH 45840

Assignee: Chemical Bank
20 Pine Street
New York, NY 10015

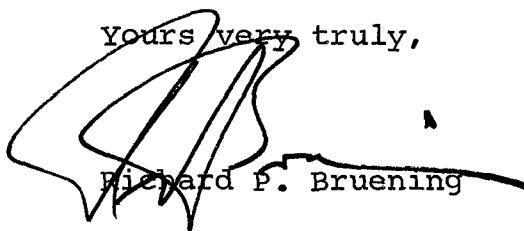
A general description of the equipment covered by the CSA and Assignment is:

<u>Type</u>	<u>Quantity</u>	<u>Railroad Road Nos.</u>
100 ton 50' XL Box Cars (ACF)	200	(See Schedule attached)
100 ton 60' XM Box Cars (ACF)	100	(See Schedule attached)
100 ton 50' XM Box Cars (ACF)	200	(See Schedule attached)
3000 HP SD 40-2 Locomotive (GM)	10	KCS 677 through KCS 686
2000 HP GP 38 Locomotive (GM)	2	KCS 4010 and KCS 4011
50 cubic yd. Air Dump Car (Difco)	10	KCS 470-KCS 479

The above identified CSA and Assignment has not been previously recorded with the Interstate Commerce Commission.

We request that all copies of the CSA and Assignment not required for your files be marked with the Commission filing and stamp and returned to the party tendering same.

Yours very truly,

A handwritten signature in black ink, appearing to be "Richard P. Bruening", written over the typed name. The signature is stylized with a large, sweeping initial "R" and a long horizontal stroke at the end.

Richard P. Bruening

RPB:cm
Encl.

50' XM BOX CARS

KCS 118001	KCS 118567	KCS 119121	KCS 119687
KCS 118010	KCS 118575	KCS 119130	KCS 119695
KCS 118028	KCS 118583	KCS 119148	KCS 119709
KCS 118036	KCS 118591	KCS 119156	KCS 119717
KCS 118044	KCS 118605	KCS 119164	KCS 119725
KCS 118052	KCS 118613	KCS 119172	KCS 119733
KCS 118061	KCS 118621	KCS 119181	KCS 119741
KCS 118079	KCS 118630	KCS 119199	KCS 119750
KCS 118087	KCS 118648	KCS 119202	KCS 119768
KCS 118095	KCS 118656	KCS 119211	KCS 119776
KCS 118109	KCS 118664	KCS 119229	KCS 119784
KCS 118117	KCS 118672	KCS 119237	KCS 119792
KCS 118125	KCS 118681	KCS 119245	KCS 119806
KCS 118133	KCS 118699	KCS 119253	KCS 119814
KCS 118141	KCS 118702	KCS 119261	KCS 119822
KCS 118150	KCS 118711	KCS 119270	KCS 119831
KCS 118168	KCS 118729	KCS 119288	KCS 119849
KCS 118176	KCS 118737	KCS 119296	KCS 119857
KCS 118184	KCS 118745	KCS 119300	KCS 119865
KCS 118192	KCS 118753	KCS 119318	KCS 119873
KCS 118206	KCS 118761	KCS 119326	KCS 119881
KCS 118214	KCS 118770	KCS 119334	KCS 119890
KCS 118222	KCS 118788	KCS 119342	KCS 119903
KCS 118231	KCS 118796	KCS 119351	KCS 119911
KCS 118249	KCS 118800	KCS 119369	KCS 119920
KCS 118257	KCS 118818	KCS 119377	KCS 119938
KCS 118265	KCS 118826	KCS 119385	KCS 119946
KCS 118273	KCS 118834	KCS 119393	KCS 119954
KCS 118281	KCS 118842	KCS 119407	KCS 119962
KCS 118290	KCS 118851	KCS 119415	KCS 119971
KCS 118303	KCS 118869	KCS 119423	KCS 119989
KCS 118311	KCS 118877	KCS 119431	KCS 119997
KCS 118320	KCS 118885	KCS 119440	
KCS 118338	KCS 118893	KCS 119458	
KCS 118346	KCS 118907	KCS 119466	
KCS 118354	KCS 118915	KCS 119474	
KCS 118362	KCS 118923	KCS 119482	
KCS 118371	KCS 118931	KCS 119491	
KCS 118389	KCS 118940	KCS 119504	
KCS 118397	KCS 118958	KCS 119512	
KCS 118401	KCS 118966	KCS 119521	
KCS 118419	KCS 118974	KCS 119539	
KCS 118427	KCS 118982	KCS 119547	
KCS 118435	KCS 118991	KCS 119555	
KCS 118443	KCS 119008	KCS 119563	
KCS 118451	KCS 119016	KCS 119571	
KCS 118460	KCS 119024	KCS 119580	
KCS 118478	KCS 119032	KCS 119598	
KCS 118486	KCS 119041	KCS 119601	
KCS 118494	KCS 119059	KCS 119610	
KCS 118508	KCS 119067	KCS 119628	
KCS 118516	KCS 119075	KCS 119636	
KCS 118524	KCS 119083	KCS 119644	
KCS 118532	KCS 119091	KCS 119652	
KCS 118541	KCS 119105	KCS 119661	
KCS 118559	KCS 119113	KCS 119679	

60' XM BOX CARS

KCS 127507
 KCS 127515
 KCS 127523
 KCS 127531
 KCS 127540
 KCS 127558
 KCS 127566
 KCS 127574
 KCS 127582
 KCS 127591
 KCS 127604
 KCS 127612
 KCS 127621
 KCS 127639
 KCS 127647
 KCS 127655
 KCS 127663
 KCS 127671
 KCS 127680
 KCS 127698
 KCS 127701
 KCS 127710
 KCS 127728
 KCS 127736
 KCS 127744
 KCS 127752
 KCS 127761
 KCS 127779
 KCS 127787
 KCS 127795
 KCS 127809
 KCS 127817
 KCS 127825
 KCS 127833
 KCS 127841
 KCS 127850
 KCS 127868
 KCS 127876
 KCS 127884
 KCS 127892
 KCS 127906
 KCS 127914
 KCS 127922
 KCS 127931
 KCS 127949
 KCS 127957
 KCS 127965
 KCS 127973
 KCS 127981
 KCS 127990

KCS 128007
 KCS 128015
 KCS 128023
 KCS 128031
 KCS 128040
 KCS 128058
 KCS 128066
 KCS 128074
 KCS 128082
 KCS 128091
 KCS 128104
 KCS 128112
 KCS 128121
 KCS 128139
 KCS 128147
 KCS 128155
 KCS 128163
 KCS 128171
 KCS 128180
 KCS 128198
 KCS 128201
 KCS 128210
 KCS 128228
 KCS 128236
 KCS 128244
 KCS 128252
 KCS 128261
 KCS 128279
 KCS 128287
 KCS 128295
 KCS 128309
 KCS 128317
 KCS 128325
 KCS 128333
 KCS 128341
 KCS 128350
 KCS 128368
 KCS 128376
 KCS 128384
 KCS 128392
 KCS 128406
 KCS 128414
 KCS 128422
 KCS 128431
 KCS 128449
 KCS 128457
 KCS 128465
 KCS 128473
 KCS 128481
 KCS 128490

50' XL BOX CARS

KCS 152005	KCS 152561	KCS 153125	KCS 153681
KCS 152013	KCS 152579	KCS 153133	KCS 153699
KCS 152021	KCS 152587	KCS 153141	KCS 153702
KCS 152030	KCS 152595	KCS 153150	KCS 153711
KCS 152048	KCS 152609	KCS 153168	KCS 153729
KCS 152056	KCS 152617	KCS 153176	KCS 153737
KCS 152064	KCS 152625	KCS 153184	KCS 153745
KCS 152072	KCS 152633	KCS 153192	KCS 153753
KCS 152081	KCS 152641	KCS 153206	KCS 153761
KCS 152099	KCS 152650	KCS 153214	KCS 153770
KCS 152102	KCS 152668	KCS 153222	KCS 153788
KCS 152111	KCS 152676	KCS 153231	KCS 153796
KCS 152129	KCS 152684	KCS 153249	KCS 153800
KCS 152137	KCS 152692	KCS 153257	KCS 153818
KCS 152145	KCS 152706	KCS 153265	KCS 153826
KCS 152153	KCS 152714	KCS 153273	KCS 153834
KCS 152161	KCS 152722	KCS 153281	KCS 153842
KCS 152170	KCS 152731	KCS 153290	KCS 153851
KCS 152188	KCS 152749	KCS 153303	KCS 153869
KCS 152196	KCS 152757	KCS 153311	KCS 153877
KCS 152200	KCS 152765	KCS 153320	KCS 153885
KCS 152218	KCS 152773	KCS 153338	KCS 153893
KCS 152226	KCS 152781	KCS 153346	KCS 153907
KCS 152234	KCS 152790	KCS 153354	KCS 153915
KCS 152242	KCS 152803	KCS 153362	KCS 153923
KCS 152251	KCS 152811	KCS 153371	KCS 153931
KCS 152269	KCS 152820	KCS 153389	KCS 153940
KCS 152277	KCS 152838	KCS 153397	KCS 153958
KCS 152285	KCS 152846	KCS 153401	KCS 153966
KCS 152293	KCS 152854	KCS 153419	KCS 153974
KCS 152307	KCS 152862	KCS 153427	KCS 153982
KCS 152315	KCS 152871	KCS 153435	KCS 153991
KCS 152323	KCS 152889	KCS 153443	
KCS 152331	KCS 152897	KCS 153451	
KCS 152340	KCS 152901	KCS 153460	
KCS 152358	KCS 152919	KCS 153478	
KCS 152366	KCS 152927	KCS 153486	
KCS 152374	KCS 152935	KCS 153494	
KCS 152382	KCS 152943	KCS 153508	
KCS 152391	KCS 152951	KCS 153516	
KCS 152404	KCS 152960	KCS 153524	
KCS 152412	KCS 152978	KCS 153532	
KCS 152421	KCS 152986	KCS 153541	
KCS 152439	KCS 152994	KCS 153559	
KCS 152447	KCS 153001	KCS 153567	
KCS 152455	KCS 153010	KCS 153575	
KCS 152463	KCS 153028	KCS 153583	
KCS 152471	KCS 153036	KCS 153591	
KCS 152480	KCS 153044	KCS 153605	
KCS 152498	KCS 153052	KCS 153613	
KCS 152501	KCS 153061	KCS 153621	
KCS 152510	KCS 153079	KCS 153630	
KCS 152528	KCS 153087	KCS 153649	
KCS 152536	KCS 153095	KCS 153656	
KCS 152544	KCS 153109	KCS 153664	
KCS 152552	KCS 153117	KCS 153672	

Executed in 12 counterparts of
which this is counterpart No. 11

9345

RECORDATION NO. Filed & Recorded

CONDITIONAL SALE AGREEMENT

APR 26 1978 - 2 25 PM

Dated as of March 15, 1978,

INTESTATE COMMERCE COMMISSION

among each of

ACF INDUSTRIES, INCORPORATED,
GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION)
and DIFCO INC.,

the Builders

and

LOUISIANA & ARKANSAS RAILWAY COMPANY,
the Railroad

and

THE KANSAS CITY SOUTHERN RAILWAY COMPANY,
the Guarantor

AGREEMENT AND ASSIGNMENT

Dated as of March 15, 1978,

among each of

ACF INDUSTRIES, INCORPORATED,
GENERAL MOTORS CORPORATION (ELECTRO-MOTIVE DIVISION)
and DIFCO INC.,

the Builders

and

CHEMICAL BANK,
as Agent.

CONDITIONAL SALE AGREEMENT

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1. ASSIGNMENT; CERTAIN DEFINITIONS	1
ARTICLE 2. CONSTRUCTION AND SALE	2
ARTICLE 3. INSPECTION AND DELIVERY	2
ARTICLE 4. PURCHASE PRICE AND PAYMENT	4
ARTICLE 5. TAXES	6
ARTICLE 6. TITLE TO THE EQUIPMENT	7
ARTICLE 7. MARKING OF EQUIPMENT	8
ARTICLE 8. CASUALTY OCCURRENCES; INSURANCE	9
ARTICLE 9. OBLIGATIONS OF GUARANTOR	13
ARTICLE 10. MAINTENANCE: COMPLIANCE WITH LAWS	14
ARTICLE 11. REPORTS AND INSPECTIONS	15
ARTICLE 12. POSSESSION AND USE; LEASING	15
ARTICLE 13. PROHIBITION AGAINST LIENS	15
ARTICLE 14. RAILROAD'S INDEMNITIES	16
ARTICLE 15. PATENT INDEMNITIES: BUILDERS' WARRANTY . . .	16
ARTICLE 16. ASSIGNMENTS	16

	<u>Page</u>
ARTICLE 17. DEFAULTS	19
ARTICLE 18. REMEDIES	21
ARTICLE 19. APPLICABLE STATE LAWS	26
ARTICLE 20. RECORDING	26
ARTICLE 21. PAYMENT OF EXPENSES	26
ARTICLE 22. NOTICE	27
ARTICLE 23. ARTICLE HEADINGS; EFFECT AND MODIFICA- TION OF AGREEMENT	27
ARTICLE 24. LAW GOVERNING	27
ARTICLE 25. EXECUTION	28
SCHEDULE A--Miscellaneous	
SCHEDULE B--Specifications	
SCHEDULE B-1 Road Numbers	
SCHEDULE B-2 Road Numbers	
SCHEDULE B-3 Road Numbers	

CONDITIONAL SALE AGREEMENT dated as of March 15, 1978, among each of ACF INDUSTRIES, INCORPORATED, GENERAL MOTORS CORPORATION (Electro-Motive Division) and DIFCO INC. (hereinafter called collectively the "Builders" or severally the "Builder", or collectively or severally the "Vendor" as the context may require, all as more particularly set forth in Article 1 hereof), and LOUISIANA & ARKANSAS RAILWAY COMPANY, a Delaware corporation (the "Railroad") and THE KANSAS CITY SOUTHERN RAILWAY COMPANY, a Missouri corporation (the "Guarantor").

WHEREAS, the Builders severally have agreed to construct, sell and deliver to the Railroad, and the Railroad has agreed to purchase, the equipment described in Schedule B hereto (the "Equipment");

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Certain Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of their rights hereunder, the respective corporations named in Item 1 of Schedule A hereto and any successor or successors for the time being to their manufacturing properties and businesses, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. The parties hereto contemplate that this Agreement shall be assigned to Chemical Bank, acting as agent (the "Agent") under a Finance Agreement dated as of the date hereof (the "Finance Agreement"). The term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective corporations (as to the units of Equipment to be constructed by such corporation and sold hereunder) named in Item 1 of Schedule A hereto and any successor or successors for the time being to their respective manufacturing properties and businesses.

The rights and obligations of the Builders under

this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any corporation named in Item 1 of Schedule A hereto or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific corporation furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the units of the Equipment to be constructed by it as described in Schedule B hereto (such units of Equipment with respect to such Builder being hereinafter called "its Equipment") at its plant set forth in said Schedule B and will sell and deliver to the Railroad, and the Railroad will purchase from such Builder and accept delivery of and pay for (as hereinafter provided), such Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Schedule B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder and the Railroad (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to equipment of the character of such units of the Equipment and each unit of the Equipment (except to the extent, if any, referred to in Schedule A hereto and/or in Article 8 hereof) will be new railroad equipment.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver the units of its Equipment to the Railroad at the place or places specified in Schedule B hereto (or if said Schedule B does not specify a place or places, at the place or places designated from time to time by the Railroad), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Schedule B hereto; provided, however, that no Builder shall have any obligation to deliver any unit of Equipment hereunder at any time after the commencement of any proceedings specified in clause

(c) or (d) of Article 17 hereof or if any event of default (as described in said Article 17), or event which with the lapse of time and/or demand could constitute such an event of default, shall have occurred and be continuing.

Each Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the Cut-Off Date (as defined in Article 4 hereof) shall be excluded herefrom. If any unit or units of Equipment shall be excluded from this Agreement pursuant to the preceding sentence, the Builder or Builders of such unit or units and the Railroad shall execute an agreement supplemental hereto limiting this Agreement to the units of Equipment not so excluded herefrom. If a Builder's failure to deliver Equipment so excluded from this Agreement resulted from one or more of the causes set forth in the preceding paragraph, the Railroad shall nevertheless be obligated to accept such Equipment and pay the full purchase price therefor, determined as provided in this Agreement, if and when such Equipment shall be completed and delivered by such Builder, such payment to be in cash on the delivery of such Equipment, either directly or, in case the Railroad shall arrange therefor, by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Railroad shall determine and as shall be reasonably acceptable to such Builder.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Railroad and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder shall inspect all materials used in the construction of its Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Railroad for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifica-

tions, requirements and standards applicable thereto, such inspector or an authorized representative of the Railroad shall execute and deliver to such Builder a certificate of acceptance (the "Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Railroad and are marked in accordance with Article 7 hereof; provided, however, that such Builder shall not thereby be relieved of its warranty referred to in Article 15 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Railroad will assume the risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of such unit.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Schedule B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the appropriate Builder and the Railroad. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased, including without limitation any increase pursuant to the presentation of a supplemental invoice as hereinafter provided, plus freight charges, if any.

For the purpose of making settlement, the Equipment of each Builder shall be divided into such number of groups of units of the Equipment, delivered to and accepted by the Railroad (each such group being hereinafter called a "Group"), as such Builder and the Railroad may agree to.

The Railroad hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on each Closing Date (as hereinafter defined) the amount, if any, by which (x) the Purchase Price of all units of the Equipment for which settlement has theretofore or is then being made, as stated in the invoice or invoices presented (including the supplemental invoice or invoices hereinafter provided for) in respect of such Closing Date (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the sum of \$28,565,254 and any amount or amounts previously paid or payable with respect to the Invoiced Purchase Prices pursuant to this subparagraph (a); and

(b) in 30 consecutive equal (except for appropriate adjustment of the final installment in case the amount payable pursuant to this subparagraph (b) shall not, when divided by 30, result in an amount ending in an integral cent) semiannual installments, as hereinafter provided, an amount equal to the aggregate of the Invoiced Purchase Prices for all the Equipment less the amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph (the aggregate of said installments being hereinafter called the "Indebtedness").

In the event that on any Closing Date the final Purchase Price of any Group has not been finally determined, the invoice presented may be for an estimated Purchase Price (as evidenced by the words "Interim Invoice" written on the face of such invoice), subject to adjustment upon determination of the final Purchase Price, and a supplemental invoice may be presented by the appropriate Builder at least 10 days prior to any subsequent Closing Date for settlement on such subsequent Closing Date for any increase in the Purchase Price; it being agreed by such Builder that any prior preliminary invoice or invoices presented by such Builder shall be in an amount not in excess of the final Purchase Price of such Group. If a supplemental invoice is presented to the Railroad by the Builder at least 10 days prior to any subsequent Closing Date with respect to any Group of Equipment, such supplemental invoice shall be settled for at such subsequent Closing Date. If a supplemental invoice is presented to the Railroad by the Builder after, or less than 10 business days prior to, the Closing Date when all units of the Equipment of the Builder shall have been delivered, accepted and settled for, but prior to the Repayment Date (as defined in Paragraph 4 of the Finance Agreement), the Railroad shall designate a Closing Date with respect to such supplemental invoice. If a supplemental invoice is presented by the Builder after the Repayment Date, it shall be paid in cash by the Railroad to the Builder in accordance with the terms of the original purchase order given by the Railroad and accepted by the Builder in respect of the Equipment.

The installments of the Indebtedness shall be payable semiannually on April 1 and October 1 in each year commencing on April 1, 1979, to and including October 1, 1993. The unpaid portion of the Indebtedness shall bear interest from the respective Closing Dates on which incurred at the rate of 9% per annum payable to the extent accrued, on April 1 and October 1 in each year, commencing October 1, 1978.

The term "Closing Date" with respect to any Group of the Equipment shall mean such date, on or after April 27, 1978, and prior to the date set forth in Item 2 of Schedule A hereto (the "Cut-Off Date"), not more than ten business days following presentation by the Builder of the Equipment in such Group to the Railroad of the invoice or a supplemental invoice, and with respect to any Group of the Equipment, the Certificate or Certificates of Acceptance for such Group, as shall be fixed by the Railroad by written notice delivered to the Vendor at least five business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, are authorized or obligated to remain closed.

All interest under this Agreement shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Railroad will pay, to the extent legally enforceable, interest at the rate of 10% per annum upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 8 hereof, the Railroad shall not have the privilege of prepaying any installment of Indebtedness prior to the date it becomes due.

ARTICLE 5. Taxes. All payments to be made by the Railroad hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income, gross receipts [except gross receipts taxes in the nature of or in lieu of sales or use taxes], excess profits and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with

or measured by, this Agreement or any sale, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), all of which impositions the Railroad assumes and shall pay on demand. The Railroad will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its interest therein and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the title or interests of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Railroad shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title or interests of the Vendor in or to the Equipment or otherwise under this Agreement. If any such impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Railroad shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Railroad shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Railroad shall have approved the payment thereof.

ARTICLE 6. Title to the Equipment. The Vendor shall and hereby does retain its title and interests in the Equipment until the Railroad shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts thereof and additions thereto shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 8 hereof, when and only when the full indebtedness in respect of the Purchase Price of the Equipment, together with

interest and all other payments as herein provided, shall have been paid, and all the Railroad's obligations herein contained shall have been performed by the Railroad, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Railroad at that time, will (a) execute a bill or bills of sale for the Equipment transferring and releasing its title to and interests therein to the Railroad, or upon its order, free of all claims, liens, interests and encumbrances created or retained hereby and deliver such bill or bills of sale to the Railroad at its address referred to in Article 22 hereof, (b) execute and deliver at the same place, for filing, in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records such transfer and release and (c) pay to the Railroad any money paid to the Vendor pursuant to Article 8 hereof and not theretofore applied as therein provided. The Railroad hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Railroad.

ARTICLE 7. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule B hereto, or in the case of Equipment not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c", or the name of the Vendor followed by the words "Agent, Owner", or other appropriate markings approved by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title and interests in the Equipment and its rights under this Agreement. The Railroad will not place any such unit in operation or exercise any control or dominion over the same until such

markings have been made thereon and will replace promptly any such markings which may be removed, defaced, obliterated or destroyed. The Railroad will not change the number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Railroad and filed by the Railroad in all public offices where this Agreement shall have been filed.

Except as provided in the preceding paragraph, the Railroad will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad or its affiliates.

ARTICLE 8. Casualty Occurrences; Insurance. In the event that any unit of the Equipment shall be worn out, obsolete lost, stolen, destroyed, irreparably damaged or otherwise rendered permanently unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences"), the Railroad shall fully inform the Vendor in regard thereto promptly after it has knowledge of such Casualty Occurrence. When the aggregate Casualty Value (as defined herein) of all units having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Vendor pursuant to this Article 8) hereunder shall exceed \$200,000, the Railroad shall, on the next date for the payment of principal or interest hereunder occurring 30 days after it has knowledge of such event, pay to the Vendor a sum equal to the aggregate Casualty Value of such units of the Equipment as of the date of such payment and shall file with the Vendor a certificate of an officer of the Railroad setting forth such Casualty Value.

So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to the preceding paragraph of this Article 8 shall be used, as the Railroad shall direct in a written instrument filed with the Vendor within 30 days but no less than 10 days prior to the due date of the next semiannual installment of Indebtedness, in whole or in part, to prepay installments of Indebtedness or, in whole or in part, toward the cost of a unit or units of standard gauge railroad equipment (other

than passenger or work equipment or cabooses) first put into service no earlier than the date of this Agreement, to replace units suffering a Casualty Occurrence. Any unit of replacement equipment shall have a remaining useful life (as evidenced by a certificate of a mechanical officer of the Railroad) at least as long as that which the Equipment being replaced would have had, but for the Casualty Occurrence. If such replacement equipment shall be equipment theretofore used in railroad service, the Railroad shall deliver to the Vendor a certificate of an officer of the Railroad that the cost of such equipment does not exceed the lesser of the fair value thereof or the original cost thereof less depreciation at a rate of 1/15 of such original cost for each year in service. In case any money is applied pursuant to this Article 8 to prepay Indebtedness, it shall be so applied to reduce each installment of Indebtedness thereafter falling due pro rata.

The Casualty Value of each unit of the Equipment (other than a replacement unit) shall be deemed to be that amount which bears the same ratio to the original Purchase Price thereof (less, in the event that the Railroad shall have made any payment or payments under the provisions of subparagraph (a) of the third paragraph of Article 4 hereof, an amount which bears the same ratio to the aggregate of all such payments as the original Purchase Price of such unit bears to the original aggregate Purchase Price of all the Equipment) as the unpaid Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Article 8) as of the date payment is made with respect to such Casualty Occurrence bears to the original Indebtedness. The Casualty Value of each replacement unit shall be deemed to be that amount which bears the same ratio to the portion of the cost thereof paid by the Vendor as the unpaid Indebtedness (without giving effect to any prepayments then or theretofore made pursuant to this Article 8) as of the date payment is made with respect to such Casualty Occurrence bears to the unpaid Indebtedness (without giving effect to any such prepayments) as of the date of acquisition by the Vendor of such replacement unit.

The Railroad will cause any replacement unit or units to be marked as provided in Article 7 hereof. Any and all such replacements of Equipment shall constitute accessions to the Equipment and shall be subject to all appropriate terms and conditions of this Agreement as though part of the original Equipment delivered hereunder and shall

be included in the term "Equipment" as used in this Agreement; provided, however, that nothing herein shall result in any Builder having any liability or obligation with respect to any replacement unit or units not manufactured by it. Title to all such replacement units shall be free and clear of all liens and encumbrances except the liens permitted by the second paragraph of Article 13 hereof and shall be taken initially and shall remain in the name of the Vendor subject to the provisions hereof, and the Railroad shall execute, acknowledge, deliver, file, record or deposit all such documents and do any and all such acts as may be necessary to cause such replacement units to come under and be subject to this Agreement and to protect the title and interests of the Vendor in such replacement units. All such replacement units shall be guaranteed and warranted in like manner as is customary at the time for similar equipment.

Whenever the Railroad shall file with the Vendor a written direction to apply amounts toward the cost of any replacement unit or units, the Railroad shall file therewith in addition to any settlement documents which may be required pursuant to Article 16 hereof:

(1) a certificate of an officer of the Railroad certifying that such replacement unit is standard gauge railroad equipment (other than passenger or work equipment or cabooses) first put into service no earlier than the date of this Agreement, and has been marked as required by the provisions of this Article 8 and certifying, in the event such replacement unit is new equipment, the cost of such replacement unit and, in the event such replacement unit shall be equipment theretofore used in railroad service, that the cost thereof to the Vendor does not exceed the lesser of the fair value thereof or the original cost thereof less depreciation at a rate equal to 1/15 of such original cost for each year in service, and that such replacement equipment has a remaining useful life at least as long as that which the Equipment being replaced would have had but for the Casualty Occurrence; and

(2) an opinion of counsel for the Railroad that security title to such replacement unit is vested in the Vendor, free and clear from all claims, liens, security interests and other encumbrances except the rights of the Railroad under this Agreement, and that such unit has come under and become subject to this Agreement and all necessary filings have been made to perfect the title and interests of the Vendor therein.

So long as no event of default shall have occurred and be continuing, any money paid to the Vendor pursuant to this Article 8 shall, if the Railroad shall in writing so direct, be invested, pending its application as hereinabove provided, in such of the following as may be specified in such written direction: (i) direct obligations of the United States of America or obligations for which the full faith and credit of the United States is pledged to provide for the payment of principal and interest, (ii) open market commercial paper rated A-1 or A-2 by Standard & Poor's Corporation or prime-1 by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them, or (iii) certificates of deposit of domestic commercial banks in the United States of America having total assets in excess of \$1,000,000,000, in each case maturing in not more than one year from the date of such investment (such investments being herein called "Investments"). Any such obligations shall from time to time be sold and the proceeds reinvested in such Investments as the Railroad may in writing direct. Any interest received by the Vendor on any Investments shall be held by the Vendor and applied as hereinafter provided. Upon any sale or the maturity of any Investments, the proceeds thereof, plus any interest received by the Vendor thereon, up to the cost (including accrued interest) thereof, shall be held by the Vendor for application pursuant to this Article 8, and any excess shall be paid to the Railroad. If such proceeds (plus such interest) shall be less than such cost, the Railroad will promptly pay to the Vendor an amount equal to such deficiency. The Railroad will pay all expenses incurred by the Vendor in connection with the purchase and sale of Investments.

If any unit of the Equipment is removed for repairs other than running repairs or becomes unsuitable or not necessary for continued use by the Railroad in the Railroad's business or operations, such occurrence shall, upon the election of the Railroad evidenced by written notice to the Vendor, constitute a Casualty Occurrence subject to the provisions of this Article 8; provided, however, that the Railroad shall direct any money paid to the Vendor in respect thereof to be applied only toward the cost of replacement equipment and not to prepay any installment of Indebtedness.

If one or more events of default shall have occurred and be continuing, all money held by the Vendor pursuant to this Article 8 (including, for this purpose, Investments)

shall be applied by the Vendor as if such money were money received upon the sale of Equipment pursuant to Article 18 hereof.

In order to facilitate the sale or other disposition of any Equipment suffering a Casualty Occurrence, the Vendor shall, upon request of the Railroad, after payment by the Railroad of a sum equal to the Casualty Value of such Equipment, execute and deliver to the Railroad or the Railroad's vendee, assignee or nominee, a bill of sale (without warranties) for such Equipment, and such other documents as may be required to release such Equipment from the terms and scope of this Agreement, in such form as may be reasonably requested by the Railroad.

The Railroad will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, at its own expense, cause to be carried and maintained insurance in respect of the Equipment at the time subject hereto to the extent and against risks comparable to those insured against by other railroads or similar equipment and, in any event, comparable to those insured against by the Railroad on similar equipment owned by it.

ARTICLE 9. Obligations of Guarantor. The Guarantor, for value received, hereby unconditionally guarantees to the Vendor the due and punctual performance of all obligations of the Railroad under this Agreement and the Finance Agreement and unconditionally guarantees to the Vendor that all sums payable by the Railroad under this Agreement and the Finance Agreement (including, but not limited to, all sums payable by the Railroad with respect to the Purchase Price of the Equipment) will be promptly paid when due in accordance with the provisions of this Agreement, together with interest thereon as herein provided, whether at stated maturity or by declaration or otherwise, and in case of default by the Railroad in any such obligations or payment the Guarantor agrees punctually to perform or pay the same, irrespective of any enforcement against the Railroad of any of the rights of the Vendor hereunder.

The Guarantor hereby agrees that its obligation hereunder shall be unconditional, irrespective of the genuineness, validity, regularity or enforceability of this Agreement or any other circumstance which might otherwise constitute a

legal or equitable discharge of a surety or guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, protest, any notice of any assignment hereof in whole or in part or of any default hereunder and all notices with respect to this Agreement and all demands whatsoever hereunder. No waiver by the Vendor of any of its rights hereunder and no action by the Vendor to enforce any of its rights hereunder or failure to take, or delay in taking, any such action shall affect the obligations of the Guarantor hereunder.

In the event that the Guarantor shall make any payments to the Vendor on account of its guaranty hereunder, the Guarantor shall be subrogated to all rights of the Vendor against the Railroad and with respect to the Equipment to the extent of the amount so paid, but the rights of the Guarantor against the Railroad and with respect to the Equipment pursuant to such subrogation shall be subordinate in all respects to the rights of the Vendor and such rights of the Guarantor shall be enforceable only after, and subject to, full payment to the Vendor of all amounts payable hereunder whether or not then due.

ARTICLE 10. Maintenance; Compliance with Laws.

The Railroad will at all times maintain the Equipment or cause the Equipment to be maintained in good order and repair at its own expense.

During the term of this Agreement, the Railroad will at all times comply in all respects with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration or replacement of or addition to any part on any unit of the Equipment, the Railroad will conform therewith, at its own expense; provided, however, that the Railroad may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Reports and Inspections. On or before March 31 in each year, commencing with the year 1979, the Railroad shall furnish to the Vendor an accurate statement signed by an officer of the Railroad (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such statement) or that have been withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 7 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Railroad's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 12. Possession and Use; Leasing. The Railroad, so long as an event of default shall not have occurred under this Agreement and be continuing, shall be entitled to the possession of the units of Equipment and the use thereof upon the lines of railroad owned or operated by it either alone or jointly with others and whether under lease or otherwise, or upon the lines of railroad owned or operated by any railroad company controlled by, or under common control with, the Railroad, or over which it has trackage rights, or upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, and may enter into a written lease of one or more units of the Equipment for a term not exceeding one year with any affiliate or any other solvent United States corporation, from and after delivery of such units of Equipment by the Builder of such units to the Railroad, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that any such lease permitted hereunder shall state expressly that the rights of the lessee thereunder are subject and subordinate to the rights and remedies of the Vendor under this Agreement; and, provided, further, however, that neither the Railroad nor any such lessee shall be entitled to assign the Equipment for use or service outside of the United States of America except in normal interchange.

ARTICLE 13. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might become a lien, charge

or security interest on or in the Equipment, or any unit thereof, equal or superior to the Vendor's title and interests therein; provided, however, that the Railroad shall be under no obligation to pay or discharge any such claim so long as it is contesting in good faith and by appropriate legal proceedings such claim and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title or interests of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 14. Railroad's Indemnities. The Railroad will indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of retention by the Vendor of title and interests in the Equipment, the use and operation thereof by the Railroad during the period when said title and interests remain in the Vendor or the transfer of said title and interests in the Equipment by the Vendor pursuant to any of the provisions of this Agreement. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

ARTICLE 15. Patent Indemnities; Builder's Warranty. Each Builder's warranty of material and workmanship and its patent indemnification agreement are set forth in Items 3 and 4, respectively, of Schedule A hereto. The patent indemnification agreements of the Builder shall continue in full force and effect notwithstanding the full payment of all sums due under this Agreement, or the satisfaction, discharge or termination of this Agreement in any manner whatsoever.

ARTICLE 16. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 12 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor. A sale, assignment, transfer or disposition

to a railroad company organized under the laws of the United States of America or any of the states thereof which shall acquire all or substantially all the lines of railroad of the Railroad, and which, by execution of an appropriate instrument satisfactory to the Vendor, shall assume and agree to perform each of, and all, the obligations and covenants of the Railroad under this Agreement, shall not be deemed a breach of this covenant.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve any Builder from, any of the obligations of such Builder to construct and deliver the Equipment in accordance with this Agreement or to respond to its warranties and indemnities referred to in Article 15 hereof, or relieve the Railroad of any of its obligations to such Builder under Articles 2, 3, 4, 5, 14 and 15 hereof, Schedule A hereto and this Article 16 or of any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad under this Agreement to the Vendor shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Railroad recognizes that it is the custom of railroad equipment manufacturers to assign conditional sale agreements and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Railroad expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder and for the purposes of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid Indebtedness

or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of a Builder with respect to the Equipment of such Builder or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by a Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Railroad against and only against the respective Builders.

The Railroad will (a) in connection with each settlement for the Equipment subsequent to such assignment, deliver to the assignee, at least five business days prior to the Closing Date for the Group fixed in the notice by the Railroad, all documents required by the terms of such assignment to be delivered to such assignee in connection with such settlement, in such number of counterparts or copies as may reasonably be requested, except for any opinion of counsel for such assignee, and (b) furnish to such assignee such number of counterparts of any other certificate or document required by the Vendor as may reasonably be requested.

In the event that on or prior to the Cut-Off Date this Agreement (a) shall not have been assigned by a Builder to the Agent under the Finance Agreement, to an institutional investor or to an agent acting for a group of institutional investors under a finance agreement providing for deposit with the agent by the institutional investors of an amount equal to the Indebtedness, by an instrument of assignment providing for payment to such Builder of an amount equal to the Indebtedness, or (b) shall have been so assigned by a Builder and the assignee shall not make payment to such Builder with respect to units of its Equipment or any supplemental invoice as provided in the instrument making such assignment or such assignee shall not be obligated, pursuant to the terms of such instrument of assignment, to make such payment, such Builder will promptly notify the Railroad of such event and, if such amount shall not have been previously paid by such assignee, the parties hereto will, upon the request of such Builder, enter into an appropriate written agreement with such Builder excluding from this Agreement those units of Equipment of such Builder for which the aggregate Purchase Price shall not have been received, but

fully preserving such Builder's security interest in such units in the manner acceptable to such Builder, and the Railroad will, not later than 90 days after the date such payment was due and prior to the Cut-Off Date, pay or cause to be paid to such Builder the aggregate unpaid Purchase Price of such units of its Equipment, together with interest from the date such payment was due to the date of payment by the Railroad at the highest prime rate of interest charged by any of the four New York City banks having the largest total assets in effect on the date such payment was due.

ARTICLE 17. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement within ten days after payment thereof shall be due hereunder; or

(b) the Railroad shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Railroad or the Guarantor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad or the Guarantor, as the case may be, under this Agreement shall not have been (and shall not continue to have been) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days

after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(d) any other proceedings shall be commenced by or against the Railroad or the Guarantor for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the Indebtedness payable hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad or the Guarantor, as the case may be, under this Agreement shall not have been (and shall not continue to have been) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Railroad or the Guarantor, as the case may be, or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(e) the Railroad shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and the Guarantor and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable,

to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Railroad or the Guarantor wherever situated.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad and the Guarantor in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad and the Guarantor that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 18. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken by its agent or agents immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Railroad or the Guarantor any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 18 expressly provided, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Railroad or the Guarantor.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon the premises of the Railroad for the delivery of the Equipment to the Vendor, the Railroad shall, at its own expense, forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any part of the Equipment has been interchanged to return the Equipment so interchanged), cause (a) the Equipment

to be moved to such point or points on its or the Guarantor's lines as shall be designated by the Vendor and shall there deliver the Equipment or cause it to be delivered to the Vendor and (b) the Equipment to be moved to such interchange point or points of the Railroad or the Guarantor as shall be designated by the Vendor upon any sale, lease or other disposal of all or any part of the Equipment by the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Railroad or the Guarantor until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad and the Guarantor agree to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient and to permit inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad or the Guarantor requiring specific performance hereof. The Railroad and the Guarantor hereby expressly waive any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 18 provided) may at its election and upon such notice as is hereinafter set forth retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Railroad by telegram or registered mail, addressed as provided in Article 22 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad or the Guarantor may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, before the

expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing and storing the Equipment and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 18.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Railroad and to any other persons to whom the law may require notice of the time and place, may sell the Equipment, or any unit thereof, free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by

the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. The Vendor may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Railroad shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 22 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 18), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of the sums due to the Vendor from the Railroad hereunder. From and after the date of any such sale, the Railroad shall pay to the Vendor the per diem interchange for each unit of Equipment which shall not have been assembled, as hereinabove provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser at such sale.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power

or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Vendor's rights or the Railroad's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein. The Vendor and the Railroad agree that the Vendor shall be entitled to all rights provided for in § 77(j) of the Bankruptcy Act or any comparable provision of any amendment thereto, or of any other bankruptcy act, so that the Vendor shall have the right to take possession of the Equipment upon an event of default under this Agreement regardless of whether or not the Railroad is in reorganization.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, together with interest from the date of such demand to the date of payment by the Railroad at the rate per annum set forth in Article 4 hereof applicable to amounts remaining unpaid after becoming due and payable. If the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Railroad.

The Railroad will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 18 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 19. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Railroad, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment or any unit thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 20. Recording. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Railroad will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 21. Payment of Expenses. The Railroad will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builders) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of Messrs. Cravath, Swaine & Moore, special counsel for the first assignee of this Agreement and for any party acquiring

interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment.

ARTICLE 22. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

(a) to the Railroad or the Guarantor, at 114 West Eleventh Street, Kansas City, Missouri 64105,

(b) to a Builder, at its address specified in Item 1 of Schedule A hereto, and

(c) to any assignee of the Vendor or of the Railroad, at such address as may have been furnished in writing to each of the other parties hereto by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 23. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedules hereto, exclusively states the rights of the Vendor, the Railroad and the Guarantor with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Vendor, the Railroad and the Guarantor.

ARTICLE 24. Law Governing. The Railroad warrants that its chief place of business and its chief executive offices are located in the state specified in clause (a) of Article 22 hereof. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of such state; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be con-

ferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 25. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Railroad, the Guarantor and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although this Agreement is dated, for convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by their officers or other persons, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, duly attested, all as of the date first above written.

LOUISIANA & ARKANSAS RAILWAY
COMPANY,

[Corporate Seal]

by

M. J. McLean
Vice President

Attest,

J. C. Kellogg
Secretary

THE KANSAS CITY SOUTHERN RAILWAY
COMPANY,

[Corporate Seal]

by

M. J. McLean
Vice President

Attest,

J. C. Kellogg
Secretary

ACF INDUSTRIES, INCORPORATED,

by

For C. Hall

~~Treasurer~~
SECRETARY

[Corporate Seal]

Attest:

Assistant Secretary

GENERAL MOTORS CORPORATION
(Electro-Motive Division),

~~by~~

P.K. Hoggins

~~Vice President~~

[Corporate Seal]

Attest:

Assistant Secretary

DIFCO INC.,

by

President

[Corporate Seal]

Attest:

Assistant Secretary

STATE OF MISSOURI,)
) ss.:
COUNTY OF JACKSON,)

On this ^{25th} day of April 1978, before me personally appeared **M. F. McCLAIN**, to me personally known, who, being by me duly sworn, says that he is a Vice President of LOUISIANA & ARKANSAS RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

E. R. Gibbins

Notary Public

My Commission Expires
November 30, 1981

[Notarial Seal]

STATE OF MISSOURI,)
) ss.:
COUNTY OF JACKSON,)

On this ^{25th} day of April 1978 before me personally appeared **M. F. McCLAIN**, to me personally known, who, being by me duly sworn, says that he is a Vice President of THE KANSAS CITY SOUTHERN RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

E. R. Gibbins

Notary Public

[Notarial Seal]

My Commission Expires
November 30, 1981

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 20th day of April 1978, before me personally appeared **EBEN C. HALL**, to me personally known, who, being by me duly sworn, says that he is Treasurer of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

SECRETARY



Notary Public

[Notarial Seal]

EDWIN F. MEYER
NOTARY PUBLIC, State of New York
No. 30-7917803
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1980

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 21ST day of April 1978, before me personally appeared **Edmund Scott**, to me personally known, who, being by me duly sworn, says that he is a Vice President of GENERAL MOTORS CORPORATION (Electro-Motive Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[Notarial Seal]

My Commission expires January 27, 1979

STATE OF OHIO,)
) ss.:
COUNTY OF HANCOCK,)

On this day of April 1978, before me personally appeared Fred W. Flowers, to me personally known, who, being by me duly sworn, says that he is the President of DIFCO INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

to

Conditional Sale Agreement

Item 1: (a) ACF Industries, Incorporated, a New Jersey corporation, 750 Third Avenue, New York, N. Y. 10017.

(b) General Motors Corporation (Electro-Motive Division), a Delaware corporation, La Grange, Illinois 60525.

(c) Difco Inc., an Ohio corporation, Differential Avenue, Findlay, Ohio 45840.

Item 2: April 1, 1979

Item 3: (a) ACF Industries, Incorporated (hereinafter in this Schedule A called "ACF") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth in Article 2 of the Conditional Sale Agreement to which this Schedule A is attached (hereinafter in this Schedule A called the "Agreement") and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Railroad and not manufactured by ACF) and workmanship under normal use and service, ACF's obligation under this Item 3(a) being limited to making good at its plant any part or parts of any unit of its Equipment which shall, within ^{ONE}~~two~~ years after the delivery of such unit to the Railroad, be returned to ACF with transportation charges prepaid and which ACF's examination shall disclose to its satisfaction to have been thus defective.

The foregoing warranty of ACF is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantability or fitness for a particular purpose, and of all other obligations or

liabilities on the part of ACF, except for its obligations under Articles 2, 3 and 4 of the Agreement and Item 4(a) of this Schedule A, and ACF neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of its Equipment, except as aforesaid. It is further understood that in no event shall ACF be liable for indirect or consequential damages of any kind.

ACF further agrees with the Railroad that neither the inspection as provided in Article 3 of the Agreement, nor any examination, nor the acceptance of any units of its Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Railroad of any of its rights under this Item 3(a).

(b) General Motors Corporation (Electro-Motive Division) (hereinafter in this Schedule A called "GM") warrants that its Equipment is of the kind and quality described in, or will be built in accordance with, the Specifications therefor referred to in Article 2 of the Agreement and is suitable for the ordinary purposes for which such Equipment is used and warrants each unit of its Equipment to be free from defects in material and workmanship which may develop under normal use and service within two years from date of delivery of such unit or before such unit has been operated 250,000 miles, whichever event shall first occur. GM agrees to correct such defects, which examination shall disclose to its satisfaction to be defective, by repair or replacement F.O.B. factory and such correction shall constitute fulfillment of its obligation with respect to such defect under this warranty.

GM warrants specialties not of its own specification or design to the same extent that the suppliers of such specialties warrant such items to GM.

THERE ARE NO WARRANTIES WITH RESPECT TO MATERIAL AND WORKMANSHIP, EXPRESSED OR IMPLIED, MADE BY GM EXCEPT THE WARRANTIES SET OUT ABOVE.

GM further agrees with the railroad that neither the inspection as provided in Article 3 of the Agreement, nor any examination, nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or modification by the Railroad of any of its rights under this Item 3(b).

(c) Difco Inc. (hereinafter in this Schedule A called "Difco") warrants that its Equipment will be built in accordance with the Specifications and the standards and requirements set forth or referred to in Article 2 of the Agreement and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein specified by the Railroad and not manufactured by Difco) and workmanship under normal use and service, Difco's obligations under this Item 3(c) being limited to making good at its plant any part or parts of any unit of its Equipment which shall, within one year after the delivery of such unit of Equipment to the Railroad, be returned to Difco with transportation charges prepaid and which examination by Difco shall disclose to its satisfaction to have been thus defective. In no event shall Difco be liable to anyone for any incidental, special or consequential damages of any kind.

The foregoing warranty is expressly in lieu of all other warranties, expressed or implied, including any implied warranty of merchantability or fitness for a particular purpose, and Difco neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment except for the patent indemnification included in Item 4(c) of this Schedule A.

Difco further agrees with the Railroad that neither the inspection provided in Article 3 of the Agreement, nor any examination, nor the acceptance of any units of its Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Railroad of any of its rights under this Item 3(c).

Item 4: (a) Except in cases of articles or materials specified by the Railroad and not manufactured by ACF and in cases of designs, systems, processes, formulae or combinations specified by the Railroad and not developed or purported to be developed by ACF, ACF agrees to indemnify, protect and hold harmless the Railroad from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Railroad, its assigns or the users of its Equipment because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Railroad likewise will indemnify, protect and hold harmless ACF from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against ACF because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Railroad and not manufactured by ACF or of any design, system, process, formula or combination specified by the Railroad and not developed or purported to be developed by ACF which infringes or is claimed to infringe on any patent or other right. ACF agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Railroad every claim, right and cause of action which ACF has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Railroad and purchased or otherwise acquired by ACF for use in or about the construction or operation of any of the Equipment on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. ACF further agrees to execute and deliver to the Railroad or the

users of the Equipment all and every such further assurance as may be reasonably requested by the Railroad more fully to effectuate the assignment and delivery of every such claim, right and cause of action. ACF will give notice to the Railroad of any claim known to ACF from which liability may be charged against the Railroad hereunder and the Railroad will give notice to ACF of any claim known to the Railroad from which liability may be charged against ACF hereunder.

(b) GM shall defend any suit or proceeding brought against the Railroad and/or each assignee of GM's rights under the Agreement so far as the same is based on a claim that the Equipment of GM's specification, or any part thereof, furnished under the Agreement constitutes an infringement of any patent, if notified promptly in writing and given authority, information and assistance (at GM's expense) for the defense of same, and GM shall pay all damages and costs awarded therein against the Railroad and/or any such assignee.

In case any unit of such Equipment, or any part thereof, is in such suit held to constitute infringement and the use of such unit or part is enjoined, GM shall at its option and its own expense either procure for the Railroad and any such assignee the right to continue using such unit or part, or replace the same with noninfringing equipment subject to the Agreement, or modify it so it becomes noninfringing, or remove such unit and refund the Purchase Price and the transportation and installation costs thereof. If the Purchase Price is so refunded, such refund shall be made to the assignee of GM's rights under the Agreement if this Agreement has been so assigned, which refund, to the extent of the unpaid Indebtedness, shall be applied in like manner as payments in respect of Casualty Occurrences under Article 8 of the Agreement and, as long as no event of default or event which with the lapse of time and/or demand could constitute an event of default under the Agreement shall have occurred and be continuing, the balance shall be paid by such assignee to the Railroad.

GM will not assume liability for patent infringement by reason of purchase, manufacture, sale or use of devices not included in and covered by its specification.

The foregoing states the entire liability of GM for patent infringement by its Equipment or any part thereof.

(c) Except in case of designs, processes or combinations specified by the Railroad and not developed or purported to be developed by Difco, and articles and materials specified by the Railroad and not manufactured by Difco, Difco agrees to indemnify, protect and hold harmless the Railroad from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Railroad because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Railroad likewise will indemnify, protect and hold harmless Difco from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Difco because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Railroad and not developed or purported to be developed by Difco, or article or material specified by the Railroad and not manufactured by Difco, which infringes or is claimed to infringe on any patent or other right. Difco agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Railroad every claim, right and cause of action which Difco has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Railroad and used by Difco in or about the construction or operation of the

Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and Difco further agrees to execute and deliver to the Railroad all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Railroad will give notice to Difco of any claim known to the Railroad on the basis of which liability may be charged against Difco hereunder.

SCHEDULE B

<u>Builder</u>	<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Road Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
ACF Industries, Incorporated	100-ton 50' Box Cars	XL	--	St. Louis, Mo.	200	\$41,659.80	\$ 8,331,960	See attached Schedule B-1	April-June 1978 at Bloomburg, Texas
ACF Industries, Incorporated	100-ton 60' Box Cars	XM	--	St. Louis, Mo.	100	42,698.50	4,269,850	See attached Schedule B-2	April-June 1978, at Bloomburg, Texas
ACF Industries, Incorporated	100-ton 50' Box Cars	XM	--	St. Louis, Mo.	200	36,964.20	7,392,840	See attached Schedule B-3	April-June 1978 at Bloomburg, Texas
General Motors Corporation (Electro- Motive Division)	3,000 h.p. diesel electric locomotive Model SD 40-2	--	--	LaGrange, Illinois	6	701,610	4,209,660	KCS 677- 682	April-June 1978 at Bloomburg, Texas
General Motors Corporation (Electro- Motive Division)	3,000 h.p. diesel electric locomotive Model SD40-2	--	--	LaGrange, Illinois	4	701,610	2,806,440	KCS 683- 686	April-June 1978 at Bloomburg, Texas

<u>Builder</u>	<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Unit Base Price</u>	<u>Total Base Price</u>	<u>Road Numbers (Inclusive)</u>	<u>Estimated Time and Place of Delivery</u>
General Motors Corporation (Electro- Motive Division)	2,000 h.p. diesel electric locomotive Model GP-38	--	--	LaGrange, Illinois	2	525,000	1,050,000	KCS 4010 and 4011	April-June 1978 at Bloomburg, Texas
Difco Inc.	50 cubic yards Air Dump Cars	MWD	--	Findlay, Ohio	10	50,450.40	504,504	KCS 470- 479	April-June 1978 at Bloomburg, Texas
							<u>\$28,565,254</u>		

50' XL BOX CARS

KCS 152005	KCS 152561	KCS 153125	KCS 153681
KCS 152013	KCS 152579	KCS 153133	KCS 153699
KCS 152021	KCS 152587	KCS 153141	KCS 153702
KCS 152030	KCS 152595	KCS 153150	KCS 153711
KCS 152048	KCS 152609	KCS 153168	KCS 153729
KCS 152056	KCS 152617	KCS 153176	KCS 153737
KCS 152064	KCS 152625	KCS 153184	KCS 153745
KCS 152072	KCS 152633	KCS 153192	KCS 153753
KCS 152081	KCS 152641	KCS 153206	KCS 153761
KCS 152099	KCS 152650	KCS 153214	KCS 153770
KCS 152102	KCS 152668	KCS 153222	KCS 153788
KCS 152111	KCS 152676	KCS 153231	KCS 153796
KCS 152129	KCS 152684	KCS 153249	KCS 153800
KCS 152137	KCS 152692	KCS 153257	KCS 153818
KCS 152145	KCS 152706	KCS 153265	KCS 153826
KCS 152153	KCS 152714	KCS 153273	KCS 153834
KCS 152161	KCS 152722	KCS 153281	KCS 153842
KCS 152170	KCS 152731	KCS 153290	KCS 153851
KCS 152188	KCS 152749	KCS 153303	KCS 153869
KCS 152196	KCS 152757	KCS 153311	KCS 153877
KCS 152200	KCS 152765	KCS 153320	KCS 153885
KCS 152218	KCS 152773	KCS 153338	KCS 153893
KCS 152226	KCS 152781	KCS 153346	KCS 153907
KCS 152234	KCS 152790	KCS 153354	KCS 153915
KCS 152242	KCS 152803	KCS 153362	KCS 153923
KCS 152251	KCS 152811	KCS 153371	KCS 153931
KCS 152269	KCS 152820	KCS 153389	KCS 153940
KCS 152277	KCS 152838	KCS 153397	KCS 153958
KCS 152285	KCS 152846	KCS 153401	KCS 153966
KCS 152293	KCS 152854	KCS 153419	KCS 153974
KCS 152307	KCS 152862	KCS 153427	KCS 153982
KCS 152315	KCS 152871	KCS 153435	KCS 153991
KCS 152323	KCS 152889	KCS 153443	
KCS 152331	KCS 152897	KCS 153451	
KCS 152340	KCS 152901	KCS 153460	
KCS 152358	KCS 152919	KCS 153478	
KCS 152366	KCS 152927	KCS 153486	
KCS 152374	KCS 152935	KCS 153494	
KCS 152382	KCS 152943	KCS 153508	
KCS 152391	KCS 152951	KCS 153516	
KCS 152404	KCS 152960	KCS 153524	
KCS 152412	KCS 152978	KCS 153532	
KCS 152421	KCS 152986	KCS 153541	
KCS 152439	KCS 152994	KCS 153559	
KCS 152447	KCS 153001	KCS 153567	
KCS 152455	KCS 153010	KCS 153575	
KCS 152463	KCS 153028	KCS 153583	
KCS 152471	KCS 153036	KCS 153591	
KCS 152480	KCS 153044	KCS 153605	
KCS 152498	KCS 153052	KCS 153613	
KCS 152501	KCS 153061	KCS 153621	
KCS 152510	KCS 153079	KCS 153630	
KCS 152528	KCS 153087	KCS 153649	
KCS 152536	KCS 153095	KCS 153656	
KCS 152544	KCS 153109	KCS 153664	
KCS 152552	KCS 153117	KCS 153672	

60' XM BOX CARS

KCS 127507
KCS 127515
KCS 127523
KCS 127531
KCS 127540
KCS 127558
KCS 127566
KCS 127574
KCS 127582
KCS 127591
KCS 127604
KCS 127612
KCS 127621
KCS 127639
KCS 127647
KCS 127655
KCS 127663
KCS 127671
KCS 127680
KCS 127698
KCS 127701
KCS 127710
KCS 127728
KCS 127736
KCS 127744
KCS 127752
KCS 127761
KCS 127779
KCS 127787
KCS 127795
KCS 127809
KCS 127817
KCS 127825
KCS 127833
KCS 127841
KCS 127850
KCS 127868
KCS 127876
KCS 127884
KCS 127892
KCS 127906
KCS 127914
KCS 127922
KCS 127931
KCS 127949
KCS 127957
KCS 127965
KCS 127973
KCS 127981
KCS 127990

KCS 128007
KCS 128015
KCS 128023
KCS 128031
KCS 128040
KCS 128058
KCS 128066
KCS 128074
KCS 128082
KCS 128091
KCS 128104
KCS 128112
KCS 128121
KCS 128139
KCS 128147
KCS 128155
KCS 128163
KCS 128171
KCS 128180
KCS 128198
KCS 128201
KCS 128210
KCS 128228
KCS 128236
KCS 128244
KCS 128252
KCS 128261
KCS 128279
KCS 128287
KCS 128295
KCS 128309
KCS 128317
KCS 128325
KCS 128333
KCS 128341
KCS 128350
KCS 128368
KCS 128376
KCS 128384
KCS 128392
KCS 128406
KCS 128414
KCS 128422
KCS 128431
KCS 128449
KCS 128457
KCS 128465
KCS 128473
KCS 128481
KCS 128490

50' XM BOX CARS

KCS 118001	KCS 118567	KCS 119121	KCS 119687
KCS 118010	KCS 118575	KCS 119130	KCS 119695
KCS 118028	KCS 118583	KCS 119148	KCS 119709
KCS 118036	KCS 118591	KCS 119156	KCS 119717
KCS 118044	KCS 118605	KCS 119164	KCS 119725
KCS 118052	KCS 118613	KCS 119172	KCS 119733
KCS 118061	KCS 118621	KCS 119181	KCS 119741
KCS 118079	KCS 118630	KCS 119199	KCS 119750
KCS 118087	KCS 118648	KCS 119202	KCS 119768
KCS 118095	KCS 118656	KCS 119211	KCS 119776
KCS 118109	KCS 118664	KCS 119229	KCS 119784
KCS 118117	KCS 118672	KCS 119237	KCS 119792
KCS 118125	KCS 118681	KCS 119245	KCS 119806
KCS 118133	KCS 118699	KCS 119253	KCS 119814
KCS 118141	KCS 118702	KCS 119261	KCS 119822
KCS 118150	KCS 118711	KCS 119270	KCS 119831
KCS 118168	KCS 118729	KCS 119288	KCS 119849
KCS 118176	KCS 118737	KCS 119296	KCS 119857
KCS 118184	KCS 118745	KCS 119300	KCS 119865
KCS 118192	KCS 118753	KCS 119319	KCS 119873
KCS 118206	KCS 118761	KCS 119326	KCS 119881
KCS 118214	KCS 118770	KCS 119334	KCS 119890
KCS 118222	KCS 118788	KCS 119342	KCS 119903
KCS 118231	KCS 118796	KCS 119351	KCS 119911
KCS 118249	KCS 118800	KCS 119369	KCS 119920
KCS 118257	KCS 118818	KCS 119377	KCS 119938
KCS 118265	KCS 118826	KCS 119385	KCS 119946
KCS 118273	KCS 118834	KCS 119393	KCS 119954
KCS 118281	KCS 118842	KCS 119407	KCS 119962
KCS 118290	KCS 118851	KCS 119415	KCS 119971
KCS 118303	KCS 118869	KCS 119423	KCS 119989
KCS 118311	KCS 118877	KCS 119431	KCS 119997
KCS 118320	KCS 118885	KCS 119440	
KCS 118338	KCS 118893	KCS 119458	
KCS 118346	KCS 118907	KCS 119466	
KCS 118354	KCS 118915	KCS 119474	
KCS 118362	KCS 118923	KCS 119482	
KCS 118371	KCS 118931	KCS 119491	
KCS 118389	KCS 118940	KCS 119504	
KCS 118397	KCS 118958	KCS 119512	
KCS 118401	KCS 118966	KCS 119521	
KCS 118419	KCS 118974	KCS 119539	
KCS 118427	KCS 118982	KCS 119547	
KCS 118435	KCS 118991	KCS 119555	
KCS 118443	KCS 119008	KCS 119563	
KCS 118451	KCS 119016	KCS 119571	
KCS 118460	KCS 119024	KCS 119580	
KCS 118478	KCS 119032	KCS 119598	
KCS 118486	KCS 119041	KCS 119601	
KCS 118494	KCS 119059	KCS 119610	
KCS 118508	KCS 119067	KCS 119628	
KCS 118516	KCS 119075	KCS 119636	
KCS 118524	KCS 119083	KCS 119644	
KCS 118532	KCS 119091	KCS 119652	
KCS 118541	KCS 119105	KCS 119661	
KCS 118559	KCS 119113	KCS 119679	

AGREEMENT AND ASSIGNMENT

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. Assignments by Each Builder to Assignee; No Recourse	1
SECTION 2. Each Builder Agrees to Construct and Warrant Equipment; Delivery;	2
SECTION 3. Indemnification of Assignee; Patent Indemnification	3
SECTION 4. Conditions to Obligation of Assignee to Pay Each Builder	4
SECTION 5. Further Assignments by Assignee	8
SECTION 6. Representation and Warranty and Agree- ment of Each Builder	8
SECTION 7. Law Governing	9
SECTION 8. Rights and Obligations of the Builder	9
SECTION 9. Notice of Assignment to Railroad	10
SECTION 10. Counterparts	10

AGREEMENT AND ASSIGNMENT, dated as of March 15, 1978, between CHEMICAL BANK, acting as Agent under a Finance Agreement (the "Finance Agreement") dated as of the date hereof (said Agent, so acting, being hereinafter called the "Assignee"), and each of ACF INDUSTRIES, INCORPORATED, GENERAL MOTORS CORPORATION (Electro-Motive Division) and DIFCO, INC. (hereinafter called individually the "Builder" and collectively the "Builders").

WHEREAS, the Builders and Louisiana & Arkansas Railway Company (the "Railroad"), and The Kansas City Southern Railway Company (the "Guarantor") have entered into a Conditional Sale Agreement dated as of the date hereof (the "CSA"), covering the construction, sale and delivery, on the conditions therein set forth, by the Builders, severally, and the purchase by the Railroad of the railroad equipment described in Schedule B to the CSA (said equipment being hereinafter called the "Equipment" and the Equipment constructed, sold and delivered by each Builder being hereinafter sometimes called "such Builder's Equipment" or "its Equipment");

NOW, THEREFORE, THIS AGREEMENT AND ASSIGNMENT (hereinafter called this Assignment) WITNESSETH: That, in consideration of the sum of One Dollar (\$1) and other good and valuable consideration paid by the Assignee to each Builder, the receipt of which is hereby acknowledged, as well as of the mutual covenants herein contained:

SECTION 1. Each Builder hereby assigns, transfers and sets over unto the Assignee, its successors and assigns:

(a) all the right, title and interest of such Builder in and to each unit of Equipment when and as severally delivered to and accepted by the Railroad, and when and as the amount required to be paid for such unit (other than amounts owing under supplemental invoices) is paid to such Builder by the Assignee pursuant to Section 4 hereof and/or by the Railroad pursuant to subparagraph (a) of the third paragraph of Article 4 of the CSA;

(b) all the right, title and interest of such Builder in and to the CSA (except the right to construct and deliver such Builder's Equipment and the right to

receive the payments specified in the third paragraph of Article 3 thereof, and in subparagraph (a) of the third paragraph of Article 4 thereof and the last paragraph of Article 16 thereof and reimbursements for taxes paid or incurred by such Builder as provided in Article 5 thereof), and in and to any and all amounts which may be or become due or owing by the Railroad to such Builder under the CSA in respect of the Purchase Price (as defined in the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Railroad under the CSA, other than those hereinabove excluded; and

(c) except as limited by subparagraph (b) hereof, all such Builder's rights, powers, privileges and remedies under the CSA;

without any recourse against such Builder for or on account of the failure of the Railroad to make any of the payments provided for in, or otherwise to comply with, any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of such Builder to construct and deliver its Equipment in accordance with the CSA or with respect to its obligations contained or referred to in Article 15 of the CSA, or relieve the Railroad from its obligations to such Builder contained or referred to in Articles 2, 3, 4, 5, 14, 15 and 16 of the CSA, it being agreed that, notwithstanding this Assignment, or any subsequent assignment pursuant to the provisions of Article 16 of the CSA, all obligations of such Builder to the Railroad with respect to such Builder's Equipment shall be enforceable by the Railroad, its successors and assigns, against and only against such Builder. Each Builder hereby authorizes and empowers the Assignee, in the Assignee's own name or in the name of the Assignee's nominee, or in the name of and as attorney hereby irrevocably constituted for such Builder, to ask, demand, sue for, collect, receive and enforce any and all sums to which the Assignee is or may become entitled under this Assignment and to ask, demand, sue for and enforce compliance by the Railroad with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Assignee.

SECTION 2. Each Builder agrees that it shall construct its Equipment in full accordance with the CSA and

will deliver the same upon completion to the Railroad in accordance with the provisions of the CSA; and that, notwithstanding this Assignment, it will perform and fully comply with each of and all the provisions of the CSA set forth to be performed and complied with by such Builder. Each Builder further agrees that it will warrant to the Assignee and the Railroad that, at the time of delivery of each unit of the Equipment of such Builder under the CSA, it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and other than the rights of the Assignee under this Agreement); and each Builder further agrees that it will defend the title to each unit of its Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by such Builder under the CSA; all subject, however, to the provisions of the CSA and the rights of the Railroad thereunder. No Builder will deliver any of its Equipment to the Railroad under the CSA until the filings referred to in Article 20 of the CSA have been effected (the respective Builders and their counsel being entitled to rely on advice from special counsel for the Assignee that such filings have been effected).

SECTION 3. Each Builder agrees with the Assignee that in any suit or action brought by the Assignee under the CSA for any installment of, or interest on, indebtedness in respect of the Purchase Price of its Equipment or to enforce any provision of the CSA, such Builder will indemnify and hold harmless the Assignee from and against all expense, loss or damage suffered by reason of any defense, setoff or counterclaim whatsoever of the Railroad arising out of a breach by such Builder of any obligation with respect to its Equipment or the construction, delivery or warranty thereof, or by reason of any defense, setoff or counterclaim whatsoever arising by reason of any other indebtedness or liability at any time owing to the Railroad by such Builder. Each Builder's obligation so to indemnify and hold harmless the Assignee is conditional upon (a) the Assignee's timely motion or other appropriate action, on the basis of Article 16 of the CSA, to strike any defense, setoff or counterclaim asserted by the Railroad in any such suit or action and (b) if the court or other body having jurisdiction in such suit or action denies such motion or other action and accepts such defense, setoff or counterclaim as a triable issue in such suit or action, the Assignee's prompt notification to such

Builder of the asserted defense, setoff or counterclaim and the Assignee's giving such Builder the right, at such Builder's expense, to compromise, settle or defend against such defense, setoff or counterclaim.

Except in cases of articles or materials specified by the Railroad and not manufactured by such Builder and in cases of designs, systems, processes, formulae or combinations specified by the Railroad and not developed or purported to be developed by such Builder, each Builder agrees, except as otherwise specifically provided in the CSA, to indemnify, protect and hold harmless the Assignee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Assignee or its assigns because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Assignee will give prompt notice to the appropriate Builder of any such liability or claim actually known to the Assignee and will give such Builder the right, at such Builder's expense, to compromise, settle or defend against such claim.

SECTION 4. The Assignee, on each Closing Date fixed as provided in Article 4 of the CSA with respect to a Group (as defined in said Article 4) of the Equipment, shall pay to the Builder whose Equipment shall be included in such Group and to each Builder which shall submit a supplemental invoice for settlement on such Closing Date as contemplated in Article 4 of the CSA an amount equal to the portion of the Purchase Price of such Builder's Equipment as shown on the invoice or supplemental invoice therefor then being settled for which, under the terms of said Article 4, is payable in installments, provided that there shall have been delivered to the Assignee, as provided in Article 16 of the CSA, at least five business days (as defined in said Article 4) prior to such Closing Date, the following documents, in form and substance satisfactory to it and to its special counsel hereinafter mentioned, in such number of counterparts as may be reasonably requested.

(a) a bill of sale from such Builder to the Assignee transferring to the Assignee all right, title and interest of such Builder in such Builder's Equipment in such Group, warranting to the Assignee and to the Railroad that at the time of delivery of such units

under the CSA such Builder had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA and other than the rights of the Assignee under this Assignment), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by such Builder under the CSA;

(b) a Certificate or Certificates of Acceptance with respect to the units of such Builder's Equipment in such Group as contemplated by Article 3 of the CSA;

(c) an invoice of such Builder for the units of such Builder's Equipment in such Group and any supplemental invoice for which settlement is then being made, in each case accompanied by or having endorsed thereon a certification by the Railroad as to the correctness of the prices stated therein;

(d) an opinion of Messrs. Cravath, Swaine & Moore, who are acting as special counsel for the Assignee and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that (i) the Finance Agreement, assuming due authorization, execution and delivery by such Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument, (ii) the CSA has been duly authorized, executed and delivered by the Railroad, the Guarantor and such Builder and is a legal, valid and binding instrument, enforceable in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and is a legal, valid and binding instrument enforceable against such Builder in accordance with its terms, (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment, (v) the Assignee has a valid and perfected security title in the units of the Equipment in such Group on the terms purported to be granted by the CSA, and such units, at the time of delivery thereof to the Railroad under the CSA, were free from all claims, liens, security interests and other encumbrances (other than those created by the CSA and other than the rights of such Builder excluded from this Assignment),

(vi) no authorization of the Interstate Commerce Commission or any other governmental authority is necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment, or if any such authority is necessary, it has been obtained (specifying the same), (vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Assignee in any state of the United States of America or in the District of Columbia and (viii) registration of the CSA, this Assignment or any certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933, as amended, and qualification of an indenture with respect thereto is not required under the Trust Indenture Act of 1939, as amended; such opinion shall also state that said counsel have examined the opinions being delivered on such Closing Date pursuant to subparagraphs (e) and (f) of this Section 4, that such opinions are satisfactory in form and scope to said counsel and that said counsel believe that the Assignee, the Investors and they are justified in relying thereon; and such opinion shall also cover such other matters as may reasonably be requested by the Assignee or any such Investors;

(e) an opinion of counsel for the Railroad and the Guarantor, dated as of such Closing Date, to the effect set forth in clauses (i), (ii), (iii), (v), (vi), (vii) and (viii) of subparagraph (d) above (said counsel, in rendering such opinion, being permitted to assume due authorization, execution and delivery of any agreement by parties thereto other than the Railroad or the Guarantor) and stating that the Railroad and the Guarantor are duly organized and existing corporations in good standing under the laws of their jurisdiction of incorporation and have the power and authority to own their properties and to carry on their business as conducted on the date thereof;

(f) an opinion of counsel for such Builder, dated as of such Closing Date, to the effect that (i) such Builder is a duly organized and existing corporation in good standing under the laws of its jurisdiction of incorporation and has the power and authority to own its properties and to carry on its business as now conducted,

(ii) the CSA has been duly authorized, executed and delivered by such Builder and, assuming due authorization, execution and delivery by the Railroad, is a legal and valid instrument binding upon such Builder and enforceable against such Builder in accordance with its terms, (iii) this Assignment has been duly authorized, executed and delivered by such Builder and, assuming due authorization, execution and delivery by the Assignee, is a legal and valid instrument binding upon such Builder and (iv) the Assignee is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by this Assignment and (v) the bill of sale referred to in subparagraph (a) of this paragraph has been duly authorized, executed and delivered by such Builder and is valid and effective to transfer all right, title and interest of such Builder in and to the units of Equipment in such Group to the Assignee, free from all claims, liens, security interests and other encumbrances of any nature (other than those created by the CSA and other than the rights of the Assignee under this Assignment);

(g) a certificate of an officer of the Railroad, dated as of such Closing Date, to the effect that (i) to the best of his knowledge and belief, no event of default, or event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and is then continuing, and (ii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954, as amended) and, to the best of his knowledge and belief, no other tax liens have been filed and are currently in effect which would adversely affect the title and security interest of the Assignee in the Equipment; and

(h) a receipt from such Builder for any payment (other than the payment being made by the Assignee pursuant to the first paragraph of this Section 4) required to be made on such Closing Date to such Builder with respect to the Equipment, unless such payment is made by the Assignee with funds furnished to it for that purpose by the Railroad;

provided, however, that with respect to Equipment for which a supplemental invoice is submitted by any Builder as per-

mitted by Article 4 of the CSA, the only documents which must be delivered to the Assignee are those required by subparagraphs (c), (g)(i) and (h) of this Section 4.

In giving the opinions specified in subparagraphs (d), (e) and (f) of the first paragraph of this Section 4, counsel may qualify any opinion to the effect that any agreement is a legal, valid and binding instrument enforceable in accordance with its terms, by a general reference to limitations as to enforceability, imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in said subparagraphs (d) and (e), counsel may rely on the opinion of counsel for such Builder as to authorization, execution and delivery by such Builder of the documents executed by such Builder and as to title to the Equipment of such Builder at the time of delivery thereof under the CSA; in giving the opinion specified in said subparagraph (d), counsel may rely as to any matter governed by the law of any jurisdiction other than New York or the United States on the opinion of counsel for such Builder or the opinion of counsel for the Railroad as to such matter.

The obligation of the Assignee hereunder to make any payment provided for in this Section 4 is hereby expressly conditioned upon the Assignee's having on deposit, pursuant to the terms of the Finance Agreement, sufficient funds available thereunder to make such payment. The Assignee shall not be obligated to make payment at any time after the commencement of any proceedings specified in clause (c) or (d) of Article 17 of the CSA or if an event of default, or any event which with the lapse of time and/or demand provided for in the CSA could constitute an event of default, shall have occurred and be continuing under the CSA. In the event that the Assignee shall not make payment for any Group of the Equipment, the Assignee shall reassign to such Builder, without recourse to the Assignee, all right, title and interest of the Assignee in and to the units of the Equipment with respect to which payment has not been made by the Assignee.

SECTION 5. The Assignee may assign all or any of its rights under the CSA. In the event of any such assignment any such subsequent or successive assignee shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

SECTION 6. Each Builder hereby:

(a) represents and warrants to the Assignee, its successors and assigns, that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the Railroad, the CSA is, in so far as such Builder is concerned, a valid and existing agreement binding upon it and the Railroad in accordance with its terms and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Assignee or its successors or assigns, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as may be necessary and appropriate in the premises to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Assignee or intended so to be; and

(c) agrees that, subsequent to the receipt by such Builder of the purchase price for its Equipment, except any portion thereof to be paid pursuant to any supplemental invoice, and upon request of the Assignee, its successors and assigns, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of such Builder therein or in the Equipment of such Builder.

SECTION 7. The terms of this Assignment and all rights and obligations hereunder as between parties hereto shall be governed by the laws of the State of Missouri; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 24 of the CSA.

SECTION 8. The rights and obligations of the Builders under this Assignment are several in accordance with their interests and not joint. Accordingly, whenever this Assignment, by use of such designation as "each Builder", "such Builder" or other similar term, confers a right or imposes an obligation upon any Builder or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific Builder giving rise to such right or obligation and its successors as herein provided.

SECTION 9. The Assignee will deliver an executed counterpart of this Assignment to the Railroad and the Guarantor, which delivery shall constitute due notice of the assignment hereby made. Although this Assignment is dated for convenience as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 10. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

ACF INDUSTRIES, INCORPORATED,

by

Wm C. Hall

Treasurer

SECRETARY

[Corporate Seal]

Attest:

[Signature]
Assistant Secretary

GENERAL MOTORS CORPORATION
(Electro-Motive Division),

by

P.K. Hopkins

Vice President

[Corporate Seal]

Attest:

[Signature]
Assistant Secretary

DIFCO INC.,

by

President

[Corporate Seal]

Attest:

Assistant Secretary

CHEMICAL BANK, as Agent,

by



Senior Trust Officer

[Corporate Seal]

Attest:



Assistant Secretary

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

LOUISIANA & ARKANSAS RAILWAY COMPANY and The Kansas Southern Railway Company hereby acknowledge due notice of the assignment made by the foregoing Agreement and Assignment as of March 15, 1978.

LOUISIANA & ARKANSAS RAILWAY
COMPANY,

by

M. J. McElhin
Vice President

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

by

M. J. McElhin
Vice President

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 20th day of April 1978, before me personally appeared **EBEN C. HALL** ~~and~~ **SECRETARY** to me personally known who, being by me duly sworn, say that he is Treasurer of ACF INDUSTRIES, INCORPORATED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

[Notarial Seal]

EDWIN F. MEYER
NOTARY PUBLIC, State of New York
No. 30-7917803
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1980

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 21ST day of April 1978, before me personally appeared **DAVID L. HARRIS**, to me personally known, who, being by me duly sworn, says that he is a Vice President of GENERAL MOTORS CORPORATION (Electro-Motive Division), that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Notarial Seal]

My Commission expires January 17, 1979



STATE OF OHIO,)
) ss.:
COUNTY OF HANCOCK,)

On this day of April 1978, before me personally appeared Fred W. Flowers, to me personally known, who, being by me duly sworn, says that he is the President of DIFCO INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

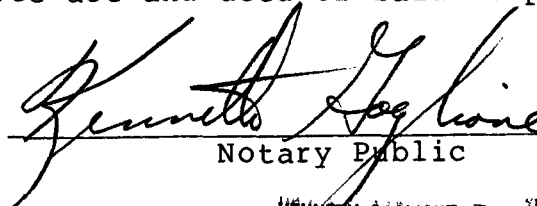
Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this ^{20th} day of April 1978, before me personally appeared I FARRELL, to me personally known, who, being by me duly sworn, says that he is a Senior Trust Officer of CHEMICAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Notarial Seal]

My Commission expires

KENNETH GAGLIONE
Notary Public, State of New York
No. 03-4621558
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1979